

Message Text

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PAGE 01 RABAT 04474 171044Z

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ACTION EB-11

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TAGS: ECON EFIN MO

SUBJ: ECONOMIC TOUR D'HORIZON WITH MINISTER FINANCE--INCLUDING

UPCOMING IMF/IBRD MEETINGS

TT

REF: 1) STATE 195053

2) STATE 195111

3) STATE 195113

1. DURING FORTY-FIVE MINUTE COURTESY CALL BY AMBASSADOR TO INTRODUCE NEW ECON COUNSELOR, MINFIN BENSLIMANE REVIEWED MOROCCAN ECONOMIC PROGRESS IN CONSIDERABLE DETAIL. MINISTER HAD JUST RETURNED FROM LEAVE AND WAS IN RELAXED, OUTGOING AND CONGENIAL MOOD.

2. TOUR D'HORIZON. MINFIN CONSIDERS MOROCCAN ECONOMIC DEVELOPMENT TO BE PROCEEDING GENERALLY AS DESIRED. INDUSTRY BEING ATTRACTED AT INCREASING PACE AND INDUSTRIAL PROBLEMS CURRENTLY AT MINIMUM. MOROCCAN HARVEST LOWER THAN GENERALLY RECOGNIZED HOWEVER, AND DESPITE EXPANDING SUGAR PRODUCTION, LESS THAN HALF CURRENT DEMAND BEING GROWN DOMESTICALLY.

MOROCCO WILL REQUIRE SUBSTANTIAL IMPORTS WHEAT, VEGETABLE

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PAGE 02 RABAT 04474 171044Z

OIL, SUGAR, AND COTTON DURING 1975, THE RISING PRICES OF

WHICH WILL WEIGH HEAVILY ON THE MOROCCAN BALANCE OF PAYMENTS. MINFIN RAISED POSSIBILITY INCLUSION ALL OR PART OF THESE PRODUCTS IN NEXT PL-480 REQUEST. AMBASSADOR SUGGESTED THAT THIS BE EXPLORED IN TECHNICAL LEVEL CONTACTS WITH ECON SECTION AND AGATT. MINFIN ASKED THAT EMBASSY PROVIDE HIM WITH LATEST USDA CROP DATA. WE ABLE INFORM HIM THIS ALREADY PASSED ON TO HIS ECONOMIC DIVISION CHIEF OTHMAN SLIMANI ON FRIDAY, THIRTEENTH.

3. OPEC OIL TAX HIKE. TURNING TO MATTER OF OBVIOUS CONCERN

TO HIM, BENSLIMANE EXPRESSED DOUBT THAT RECENT OPEC TAX INCREASE WILL BE ABSORBED BY PRODUCERS. AS MINFIN OF A CONSUMING COUNTRY, HE CONCERNED THAT INCREASE WILL BE PASSED ON IN HIGHER PRICES AT TIME WHEN HIGHER PETROLEUM COSTS ALREADY BEARING HEAVILY ON BALANCE OF PAYMENTS OF LDC'S. COST OF OIL ALONE HAS RISEN FROM \$35 MILLION IN 1963 TO \$200 MILLION THIS YEAR-- A BURDEN CHARACTERIZED AS INSUPPORTABLE FOR A DEVELOPING COUNTRY.

4. PHOSPHATE PRICE OUTLOOK. ACKNOWLEDGING THAT PREDICTING THE FUTURE FOR ANY MINERAL PRODUCT A QUESTIONABLE VENTURE IN PRESENT CIRCUMSTANCES, MINFIN ASSERTED IN RESPONSE TO INQUIRY FROM AMBASSADOR THAT DM TECHNICIANS ARE IN CLOSE CONTACT WITH WORLD MARKETING EXPERTS AND THAT LQM BELIEVES OUTLOOK IS FOR RELATIVE PRICE STABILITY FOR PHOSPHATE OVER NEXT SEVERAL YEARS. BECAUSE OF POLITICAL TOUCHINESS OF ISSUE, NEITHER AMBASSADOR NOR ECON COUNSELOR PRESSED ON POSSIBLE PRICE EFFECT OF MAJOR INCREASE IN SAHARAN PHOSPHATE OUTPUT OVER NEXT FEW YEARS.

5. IMF/IBRD ANNUAL MEETING. MOROCCAN DEL WILL AGAIN BE HEADED BY MINFIN. COMPLETE DELEGATION LIST TO BE SUPPLIED ECON COUNSELOR WITHIN FEW DAYS. WILL BE TRANSMITTED WASHINGTON SEPTTEL. MINFIN WOULD APPRECIATE OPPORTUNITY BILATERAL MEETING WITH TREASURY SECRETARY SIMON FOR DISCUSSION ALONG LINES THOSE OF LAST APRIL WHICH HE FOUND MOST USEFUL.

6. REACTION TO SIMON AND BENNETT LETTERS RE PROPOSED AMENDMENTS TO MINISTERIAL COMMITTEE. MINFIN APPARENTLY ALREADY AWARE SUBSTANCE US VIEWS ON "DEVELOPMENT COMMITTEE". WHILE LIMITED OFFICIAL USE

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PAGE 03 RABAT 04474 171044Z

RECEPTIVE TREASURY POINT OF VIEW, WAS NONCOMMITAL ON SPECIFICS. SINCE BENSLIMANE WILL HEAD MOROCCAN DEL, BELIEVE WOULD BE APPROPRIATE THAT WASHINGTON OFFICIALS DEVOTE PORTION OF TIME DURING BILATERALS TO REEMPHASIZE IMPORTANCE US ATTACHES TO PROPOSED AMENDMENTS TO COMMITTEE TERMS OF REFERENCE. NEUMANN

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